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ZIFF PROPERTIES, INC.



Process | Patience | Performance

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ZIFF PROPERTIES, INC.
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ABOUT ZIFF PROPERTIES

- **Fully integrated** commercial real estate investment firm
- Headquartered in **Charleston, SC**, offices in Wilmington and Charlotte, NC and Savannah, GA
- Focus on **Southern U.S.** market area
- Founded in **1992**
- Acquired, redeveloped and managed portfolio > **3.5mm square feet**
- Creates value through disciplined acquisition process and active property management
- Acquisitions \$125mm+
- Value generated \$250mm+
- Current portfolio of **29 properties**, with 4 currently under contract

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MANAGEMENT BIOGRAPHIES



Stephen Ziff - Founder, Principal & Chairman of the Investment Committee

- 20+ years in commercial real estate
- Founder and Director of Tokyo Electron LTD and Chairman of Dual Lite, Inc. until its sale to Hubbell, Inc
- Education: University of Michigan, BA Economics, Columbia University, MA



Tim Walter - CEO, Principal, Asset Management & Member of the Investment Committee

- 20+ years in commercial real estate with Lakewood Development in Texas, Lower East Side Redevelopment in NYC and Ziff Properties
- Former accountant with Touche Ross
- Education: BS Accounting & Finance, Indiana University, MA Architecture and Real Estate, Columbia (NYC)

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MANAGEMENT BIOGRAPHIES



cchamblee@zpi.net

Christian Chamblee - Director of Acquisitions/Dispositions

- 11 years experience in commercial real estate
- Leasing Associate, James Doran Company
- Vice President - Acquisitions, James Doran Company
- Vice President - Acquisitions, Humanities Foundation
- College of Charleston, BA & MS



dherman@zpi.net

Dee Herman, CPA – CFO, MIS & Asset Management

- 20+ years experience in commercial real estate
- CFO and Director of Property Management, Coastal Capital Partners, LLC
- Asset Manager, Robinson Development/CB Richard Ellis of Virginia,
- Manager, Consulting Division of Arthur Young
- Virginia Commonwealth University, BS Accounting Cum Laude



tnorton@zpi.net

Tim Norton - Director of Leasing & Property Management

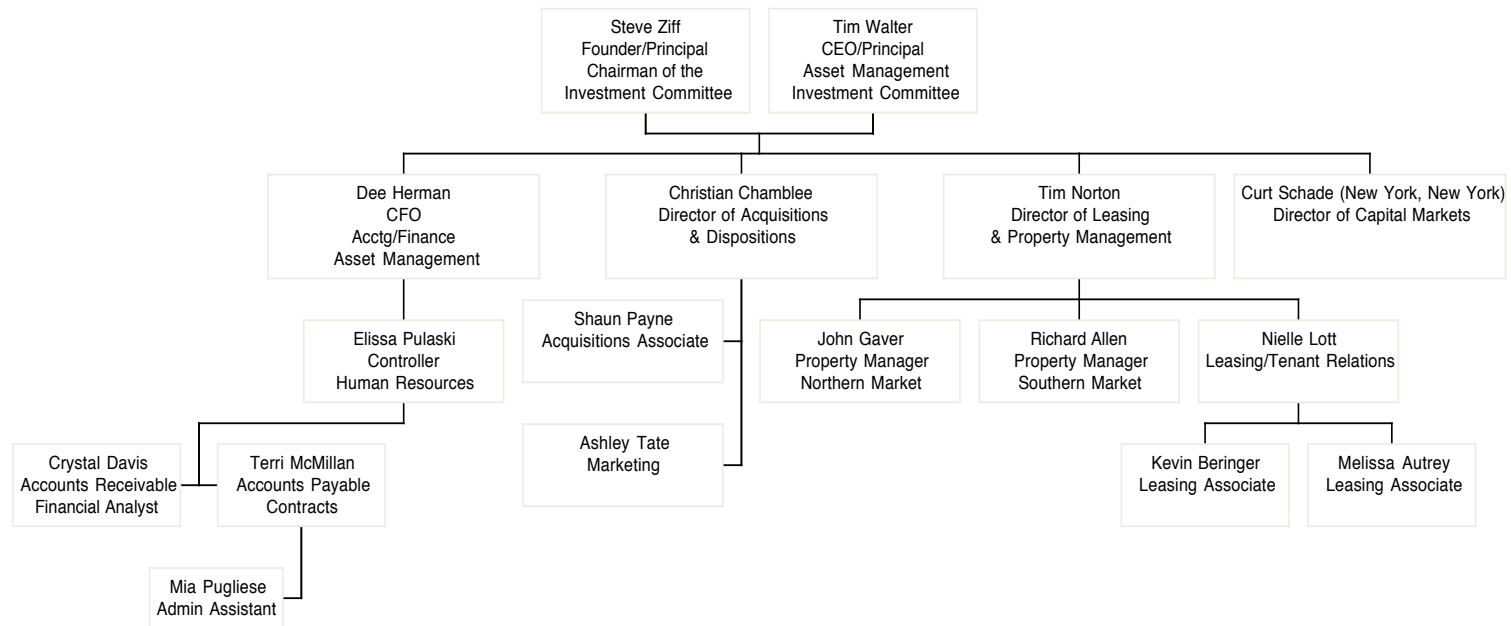
- Former attorney in private practice in the United States District Court for South Carolina
- George Mason University summa cum laude BA Foreign Language 1995
- University of Wisconsin Law School, juris doctor 1998

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ZPI ORGANIZATION CHART



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MARKET AREAS

- Southeastern focus
 - Migration to region has driven above average population and income growth
 - Population growth will drive demand for commercial real estate in the southern U.S.
 - 50% of total U.S. population growth from 2000-2030 will occur in the region (U.S. Census Bureau)



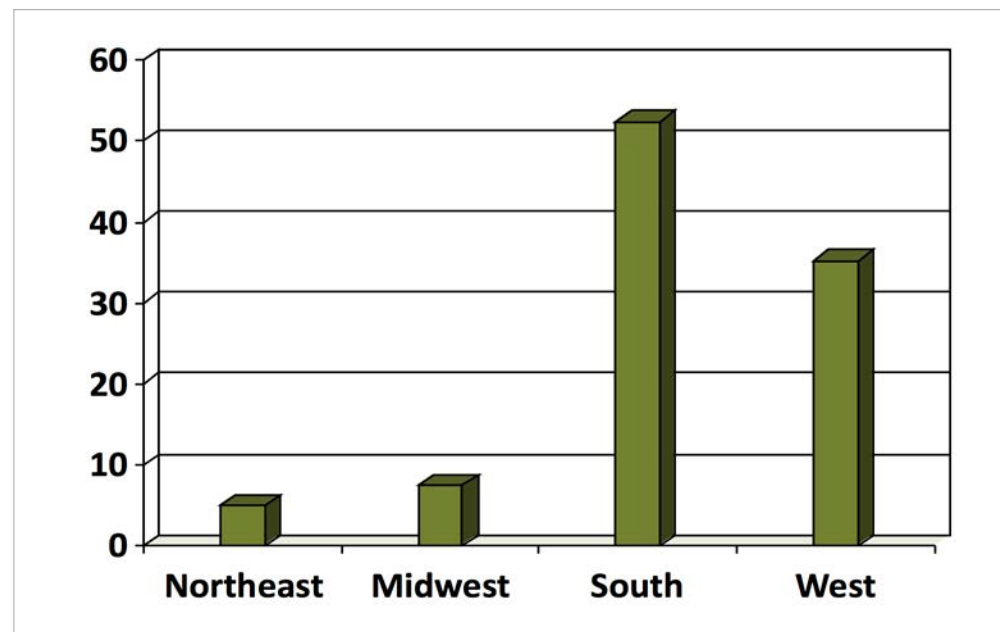
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Percent Distribution of Population Growth by Region of the United States, 2000-2030

Source: US Census Bureau



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STRATEGY: BUY VALUE, ADD VALUE

- Acquire fundamentally sound properties in \$2-\$30mm range
- Capitalize on opportunities created by
 - temporary market illiquidity
 - poor management and leasing
 - inefficient capital structure
 - deferred maintenance
 - owner's pressure to sell
 - superlative assumable debt
- Seeking retail, office, flex and self-storage properties

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OBJECTIVE: IMPROVE UPON HISTORICAL OPERATING WEAKNESSES



- Physically improve
- Intensively manage
- Improve the quality of the tenancy
- Increase level of free cash flow
- Continue to improve properties, distribute free cash flow and realize gains opportunistically
- Monitor mortgage and disposition market, sell or refinance opportunistically

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STRENGTHS & OPPORTUNITIES

- **Opportunity:** Best acquisition market conditions in two decades
- **Defensible Niche:** Properties require specialized operating management to maximize returns; Deal sizes too large for smaller operators, too small for REITs/Institutions
- **Track Record:** Historical internal rates of returns 22.3%
- **Alignment of Interests:** ZPI principals will co-invest

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EMERGING INVESTMENT OPPORTUNITIES

- Credit market dislocation and deep recession have led to:
 - weakened owners
 - reduced competition
- Lenders motivated to purge troubled assets
- The result: opportunities to purchase loans and properties at valuations that produce superior risk adjusted returns than have been available in the past

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ZIFF PROPERTIES' OPERATING EXPERTISE

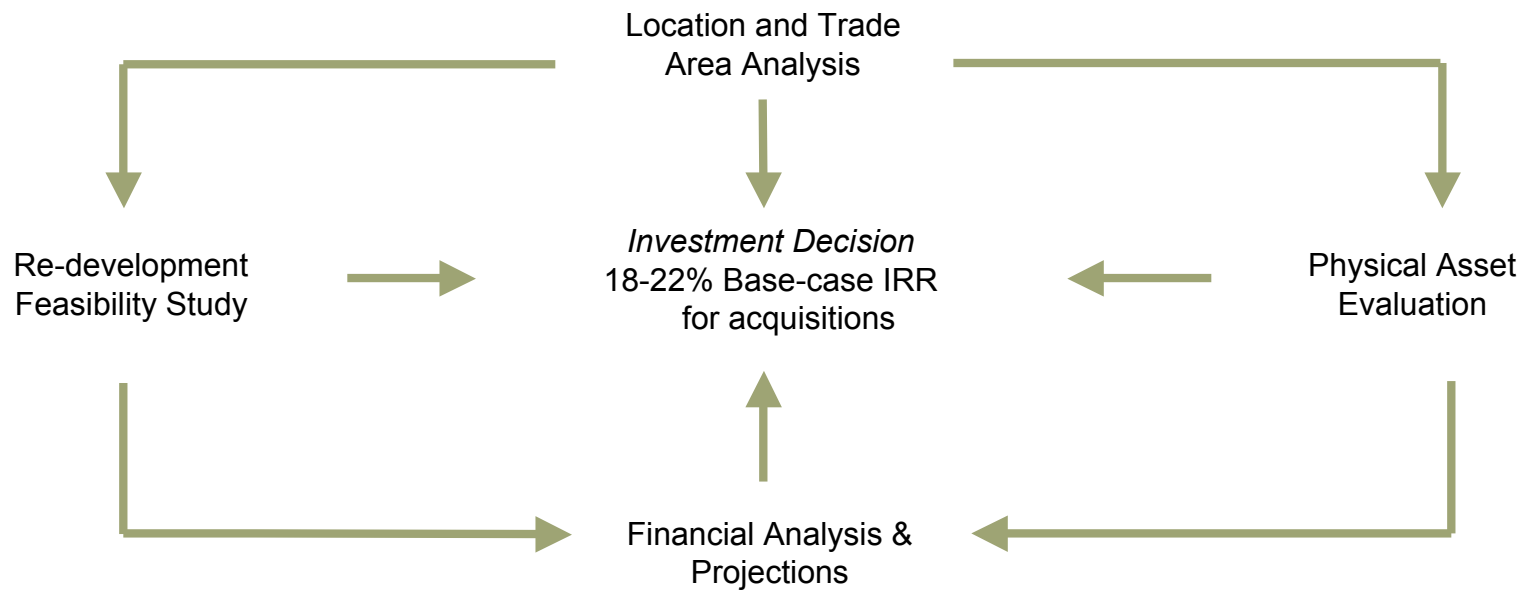
- **Deal Sourcing:** Dedicated team with extensive relationships
- **Underwriting/Analysis:** Experienced analytical team employs proprietary models and Argus software
- **Due Diligence:** 150 point proprietary process
- **Leasing and Property Management:** Fully integrated, focused on maximizing cash flow and tenant retention
- **Construction:** 20+ years experience managing expansions and upgrades
- **Financial Controls and Risk Management:** Detailed performance reports for all properties. MRI software integrates all management functions

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INVESTMENT PROCESS



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ANNUALIZED RATES OF RETURN (1992-2010):

•S&P 500 (with dividends reinvested)	8.06%
•S&P 500 (without dividends)	5.95%
•High Yield (CSHY index)	9.28%
• Ziff Properties	22.3%

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WHERE ARE WE TODAY?

- The balance of power has shifted from seller to buyer
 - Supply of attractive properties has increased:
 - Banks with REO and non-performing loans are ready to sell assets at realistic levels
 - Over-leveraged property owners have given up on getting prior cycle peak valuations
 - Impending maturities of CMBS will further increase supply
 - Competition from other mid-sized investors has been reduced due to lack of capital and tight lending
- Gauges for property success indicate a bottoming out: NOI, rents and vacancies are static
- Strategy: maintain exceptional acquisition discipline and acquire great assets at good prices



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